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AN ACT

RELATING TO PUBLIC FINANCES; BROADENING THE SCOPE OF
FINANCIAL INSTITUTIONS THAT MAY SERVE AS SECURITIES LENDERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 6-10-10 NMSA 1978 (being Laws 1933,
Chapter 175, Section 4, as amended) is amended to read:

"6-10-10. DEPOSIT AND INVESTMENT OF FUNDS.--

A. Upon the certification or designation of a
bank, savings and loan association or credit union whose
deposits are insured by an agency of the United States to
receive public money on deposit, the state treasurer and
county or municipal treasurers who have on hand any public
money by virtue of their offices shall make deposit of that
money in banks and savings and loan associations, and may
make deposit of that money in credit unions whose deposits
are insured by an agency of the United States, designated by
the authority authorized by law to so designate to receive
the deposits of all money thereafter received or collected by
the treasurers.

B. County or municipal treasurers may deposit
money in one or more accounts with any such bank, savings and
loan association or credit union located in their respective
counties, subject to limitation on credit union accounts.

C. The state treasurer may deposit money in one or

1 more accounts with any such bank, savings and loan
2 association or credit union, subject to the limitation on
3 credit union accounts.

4 D. Duplicate receipts or deposit slips shall be
5 taken for each deposit made pursuant to Subsection A, B or C
6 of this section. When deposits are made by the state
7 treasurer, one copy of the receipt or deposit slip shall be
8 retained by the state treasurer and the other copy shall be
9 filed monthly on the first day of each month with the
10 financial control division of the department of finance and
11 administration. When deposits are made by the treasurer or
12 any other authorized person making the deposits for a board
13 of finance of a public or educational institution, one copy
14 of the receipt or deposit slip shall be retained by the
15 treasurer or authorized person making the deposit and the
16 other copy shall be filed monthly on the first day of each
17 month with that board of finance. When deposits are made by
18 a county or municipal treasurer, one of the duplicate
19 receipts or deposit slips shall be retained by the treasurer
20 making the deposit and the other copy shall be filed monthly
21 on the first day of each month with the secretary of the
22 board of finance of the county or municipality for which that
23 treasurer is acting.

24 E. "Deposit", as used in this section, means
25 either investment or deposit and includes share, share

1 certificate and share draft.

2 F. County or municipal treasurers, with the advice
3 and consent of their respective boards of finance charged
4 with the supervision and control of the respective funds,
5 have the power to invest all sinking funds or money remaining
6 unexpended from the proceeds of any issue of bonds or other
7 negotiable securities of any county, municipality or school
8 district that is entrusted to their care and custody and all
9 money not immediately necessary for the public uses of the
10 counties, municipalities or school districts not invested or
11 deposited in banks, savings and loan associations or credit
12 unions in:

13 (1) bonds or negotiable securities of the
14 United States, the state or a county, municipality or school
15 district that has a taxable valuation of real property for
16 the last preceding year of at least one million dollars
17 (\$1,000,000) and has not defaulted in the payment of any
18 interest or sinking fund obligation or failed to meet any
19 bonds at maturity at any time within five years last
20 preceding; or

21 (2) securities that are issued by the United
22 States government or by its agencies or instrumentalities and
23 that are either direct obligations of the United States, the
24 federal home loan mortgage association, the federal national
25 mortgage association, the federal farm credit bank or the

1 student loan marketing association or are backed by the full
2 faith and credit of the United States government.

3 G. The treasurer of a class A county or the
4 treasurer of a municipality having a population of more than
5 sixty-five thousand according to the most recent federal
6 decennial census and located within a class A county, with
7 the advice and consent of the boards of finance charged with
8 the supervision and control of the funds, has the power to
9 invest all sinking funds or money remaining unexpended from
10 the proceeds of any issue of bonds or other negotiable
11 securities of the county or municipality that is entrusted to
12 the treasurer's care and custody and all money not
13 immediately necessary for the public uses of the county or
14 municipality not invested or deposited in banks, savings and
15 loan associations or credit unions in:

16 (1) shares of a diversified investment
17 company registered pursuant to the federal Investment Company
18 Act of 1940 that invests in fixed income securities or debt
19 instruments that are listed in a nationally recognized,
20 broad-market, fixed-income-securities market index; provided
21 that the investment company or manager has total assets under
22 management of at least one hundred million dollars
23 (\$100,000,000) and provided that the board of finance of the
24 county or municipality may allow reasonable administrative
25 and investment expenses to be paid directly from the income

1 or assets of these investments;

2 (2) individual, common or collective trust
3 funds of banks or trust companies that invest in fixed income
4 securities or debt instruments that are listed in a
5 nationally recognized, broad-market, fixed-income-securities
6 market index; provided that the investment company or manager
7 has total assets under management of at least one hundred
8 million dollars (\$100,000,000) and provided that the board of
9 finance of the county or municipality may allow reasonable
10 administrative and investment expenses to be paid directly
11 from the income or assets of these investments; or

12 (3) shares of pooled investment funds
13 managed by the state investment officer, as provided in
14 Subsection G of Section 6-8-7 NMSA 1978; provided that the
15 board of finance of the county or municipality may allow
16 reasonable administrative and investment expenses to be paid
17 directly from the income or assets of these investments.

18 H. A local public body, with the advice and
19 consent of the body charged with the supervision and control
20 of the local public body's respective funds, has the power to
21 invest all sinking funds or money remaining unexpended from
22 the proceeds of any issue of bonds or other negotiable
23 securities of the investor that is entrusted to the local
24 public body's care and custody and all money not immediately
25 necessary for the public uses of the investor and not

1 otherwise invested or deposited in banks, savings and loan
2 associations or credit unions in contracts with banks,
3 savings and loan associations or credit unions for the
4 present purchase and resale at a specified time in the future
5 of specific securities at specified prices at a price
6 differential representing the interest income to be earned by
7 the investor. The contract shall be fully secured by
8 obligations of the United States or other securities backed
9 by the United States having a market value of at least one
10 hundred two percent of the contract. The collateral required
11 for investment in the contracts provided for in this
12 subsection shall be shown on the books of the financial
13 institution as being the property of the investor and the
14 designation shall be contemporaneous with the investment. As
15 used in this subsection, "local public body" includes all
16 political subdivisions of the state and agencies,
17 instrumentalities and institutions thereof; provided that
18 home rule municipalities that prior to July 1, 1994 had
19 enacted ordinances authorizing the investment of repurchase
20 agreements may continue investment in repurchase agreements
21 pursuant to those ordinances.

22 I. The state treasurer, with the advice and
23 consent of the state board of finance, has the power to
24 invest money held in demand deposits and not immediately
25 needed for the operation of state government and money held

1 in the short-term investment fund, except as provided in
2 Section 6-10-10.1 NMSA 1978. The investments shall be made
3 only in securities that are issued by the United States
4 government or by its departments or agencies and are either
5 direct obligations of the United States or are backed by the
6 full faith and credit of the United States government or
7 agencies sponsored by the United States government.

8 J. The state treasurer, with the advice and
9 consent of the state board of finance, may also invest in
10 contracts for the present purchase and resale at a specified
11 time in the future, not to exceed one year or, in the case of
12 bond proceeds, not to exceed three years, of specific
13 securities at specified prices at a price differential
14 representing the interest income to be earned by the state.
15 Such contract shall not be invested in unless the contract is
16 fully secured by obligations of the United States or other
17 securities backed by the United States having a market value
18 of at least one hundred two percent of the amount of the
19 contract.

20 K. The state treasurer, with the advice and
21 consent of the state board of finance, may also invest in
22 contracts for the temporary exchange of state-owned
23 securities for the use of broker-dealers, banks or other
24 recognized institutional investors in securities, for periods
25 not to exceed one year for a specified fee rate. Such

1 contract shall not be invested in unless the contract is
2 fully secured by exchange of an irrevocable letter of credit
3 running to the state, cash or equivalent collateral of at
4 least one hundred two percent of the market value of the
5 securities plus accrued interest temporarily exchanged.

6 L. The collateral required for either of the forms
7 of investment in Subsection J or K of this section shall be
8 delivered to the fiscal agent of New Mexico or its designee
9 contemporaneously with the transfer of funds or delivery of
10 the securities at the earliest time industry practice
11 permits, but in all cases, settlement shall be on a same-day
12 basis.

13 M. Neither of the contracts in Subsection J or K
14 of this section shall be invested in unless the contracting
15 bank, brokerage firm or recognized institutional investor has
16 a net worth in excess of five hundred million dollars
17 (\$500,000,000).

18 N. The state treasurer, with the advice and
19 consent of the state board of finance, may also invest in any
20 of the following investments in an amount not to exceed forty
21 percent of any fund that the state treasurer invests:

22 (1) commercial paper rated "prime" quality
23 by a national rating service, issued by corporations
24 organized and operating within the United States;

25 (2) medium-term notes and corporate notes

1 with a maturity not exceeding five years that are rated A or
2 its equivalent or better by a nationally recognized rating
3 service and that are issued by a corporation organized and
4 operating in the United States; or

5 (3) an asset-backed obligation with a
6 maturity not exceeding five years that is rated AAA or its
7 equivalent by a nationally recognized rating service.

8 0. The state treasurer, with the advice and
9 consent of the state board of finance, may also invest in:

10 (1) shares of a diversified investment
11 company registered pursuant to the federal Investment Company
12 Act of 1940 that invests in United States fixed income
13 securities or debt instruments authorized pursuant to
14 Subsections I, J and N of this section, provided that the
15 investment company has total assets under management of at
16 least one billion dollars (\$1,000,000,000) and the
17 investments made by the state treasurer pursuant to this
18 paragraph are less than five percent of the assets of the
19 investment company; or

20 (2) individual, common or collective trust
21 funds of banks or trust companies that invest in United
22 States fixed income securities or debt instruments authorized
23 pursuant to Subsections I, J and N of this section, provided
24 that the investment manager has assets under management of at
25 least one billion dollars (\$1,000,000,000) and the

1 investments made by the state treasurer pursuant to this
2 paragraph are less than five percent of the assets of the
3 individual, common or collective trust fund.

4 P. Public funds to be invested in negotiable
5 securities or loans to financial institutions fully secured by
6 negotiable securities at current market value shall not be
7 paid out unless there is a contemporaneous transfer of the
8 securities at the earliest time industry practice permits, but
9 in all cases, settlement shall be on a same-day basis either
10 by physical delivery or, in the case of uncertificated
11 securities, by appropriate book entry on the books of the
12 issuer, to the purchaser or to a reputable safekeeping
13 financial institution acting as agent or trustee for the
14 purchaser, which agent or trustee shall furnish timely
15 confirmation to the purchaser." _____